

AMENDED IN SENATE APRIL 6, 2015

SENATE BILL

No. 550

Introduced by Senator Hertzberg

February 26, 2015

An act to amend Section 2827 of the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

SB 550, as amended, Hertzberg. Net energy metering: ~~co-energy metering.~~

Existing law relative to private energy producers requires every electric utility to develop a standard contract or tariff providing for net energy metering and to make this contract or tariff available to eligible customer-generators upon request for generation by a renewable electrical generation facility. ~~Existing law authorizes a local publicly owned electric utility to elect to instead offer co-energy metering, which uses a generation-to-generation energy and time-of-use credit formula. Existing law provides that an electric utility that is not a large electrical corporation is not obligated to provide net energy metering when the combined total peak demand of all electricity used by eligible customer-generators in the service area exceeds 5% of the aggregate customer peak demand of the electric utility. Existing law exempts from the net energy metering requirements a local publicly owned electric utility that serves more than 750,000 customers and that also conveys water to its customers.~~

~~This bill would make a nonsubstantive revision to the net energy metering provisions applicable to a local publicly owned electric utility: delete the exemption for those local publicly owned electric utilities. The bill would define the "aggregate customer peak demand" for the~~

purposes of calculating the net energy metering program limit for electric utilities that are not large electrical corporations. The bill would require those electric utilities to file with the State Energy Resources Conservation and Development Commission and to make available to the public a quarterly report detailing their progress towards the program limit. By imposing additional requirements on local publicly owned electric utilities, this bill would impose a state-mandated local program. The bill would require the commission to post on its Internet Web site data detailing the progress of those electric utilities towards their program limit.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 2827 of the Public Utilities Code is
- 2 amended to read:
- 3 2827. (a) The Legislature finds and declares that a program
- 4 to provide net energy metering combined with net surplus
- 5 compensation, co-energy metering, and wind energy co-metering
- 6 for eligible customer-generators is one way to encourage substantial
- 7 private investment in renewable energy resources, stimulate in-state
- 8 economic growth, reduce demand for electricity during peak
- 9 consumption periods, help stabilize California's energy supply
- 10 infrastructure, enhance the continued diversification of California's
- 11 energy resource mix, reduce interconnection and administrative
- 12 costs for electricity suppliers, and encourage conservation and
- 13 efficiency.
- 14 (b) As used in this section, the following terms have the
- 15 following meanings:
- 16 (1) "Co-energy metering" means a program that is the same in
- 17 all other respects as a net energy metering program, except that
- 18 the local publicly owned electric utility has elected to apply a

1 generation-to-generation energy and time-of-use credit formula
2 as provided in subdivision (i).

3 (2) “Electrical cooperative” means an electrical cooperative as
4 defined in Section 2776.

5 (3) “Electric utility” means an electrical corporation, a local
6 publicly owned electric utility, or an electrical cooperative, or any
7 other entity, except an electric service provider, that offers electrical
8 service. ~~This section shall not apply to a local publicly owned
9 electric utility that serves more than 750,000 customers and that
10 also conveys water to its customers.~~

11 (4) (A) “Eligible customer-generator” means a residential
12 customer, small commercial customer as defined in subdivision
13 (h) of Section 331, or commercial, industrial, or agricultural
14 customer of an electric utility, who uses a renewable electrical
15 generation facility, or a combination of those facilities, with a total
16 capacity of not more than one megawatt, that is located on the
17 customer’s owned, leased, or rented premises, and is interconnected
18 and operates in parallel with the electrical grid, and is intended
19 primarily to offset part or all of the customer’s own electrical
20 requirements.

21 (B) (i) Notwithstanding subparagraph (A), “eligible
22 customer-generator” includes the Department of Corrections and
23 Rehabilitation using a renewable electrical generation technology,
24 or a combination of renewable electrical generation technologies,
25 with a total capacity of not more than eight megawatts, that is
26 located on the department’s owned, leased, or rented premises,
27 and is interconnected and operates in parallel with the electrical
28 grid, and is intended primarily to offset part or all of the facility’s
29 own electrical requirements. The amount of any wind generation
30 exported to the electrical grid shall not exceed 1.35 megawatt at
31 any time.

32 (ii) Notwithstanding any other law, an electrical corporation
33 shall be afforded a prudent but necessary time, as determined by
34 the executive director of the commission, to study the impacts of
35 a request for interconnection of a renewable generator with a
36 capacity of greater than one megawatt under this subparagraph. If
37 the study reveals the need for upgrades to the transmission or
38 distribution system arising solely from the interconnection, the
39 electrical corporation shall be afforded the time necessary to
40 complete those upgrades before the interconnection and those costs

1 shall be borne by the customer-generator. Upgrade projects shall
2 comply with applicable state and federal requirements, including
3 requirements of the Federal Energy Regulatory Commission.

4 (5) “Large electrical corporation” means an electrical
5 corporation with more than 100,000 service connections in
6 California.

7 (6) “Net energy metering” means measuring the difference
8 between the electricity supplied through the electrical grid and the
9 electricity generated by an eligible customer-generator and fed
10 back to the electrical grid over a 12-month period as described in
11 subdivisions (c) and (h).

12 (7) “Net surplus customer-generator” means an eligible
13 customer-generator that generates more electricity during a
14 12-month period than is supplied by the electric utility to the
15 eligible customer-generator during the same 12-month period.

16 (8) “Net surplus electricity” means all electricity generated by
17 an eligible customer-generator measured in kilowatthours over a
18 12-month period that exceeds the amount of electricity consumed
19 by that eligible customer-generator.

20 (9) “Net surplus electricity compensation” means a per
21 kilowatthour rate offered by the electric utility to the net surplus
22 customer-generator for net surplus electricity that is set by the
23 ratemaking authority pursuant to subdivision (h).

24 (10) “Ratemaking authority” means, for an electrical
25 corporation, the commission, for an electrical cooperative, its
26 ratesetting body selected by its shareholders or members, and for
27 a local publicly owned electric utility, the local elected body
28 responsible for setting the rates of the local publicly owned utility.

29 (11) “Renewable electrical generation facility” means a facility
30 that generates electricity from a renewable source listed in
31 paragraph (1) of subdivision (a) of Section 25741 of the Public
32 Resources Code. A small hydroelectric generation facility is not
33 an eligible renewable electrical generation facility if it will cause
34 an adverse impact on instream beneficial uses or cause a change
35 in the volume or timing of streamflow.

36 (12) “Wind energy co-metering” means any wind energy project
37 greater than 50 kilowatts, but not exceeding one megawatt, where
38 the difference between the electricity supplied through the electrical
39 grid and the electricity generated by an eligible customer-generator
40 and fed back to the electrical grid over a 12-month period is as

1 described in subdivision (h). Wind energy co-metering shall be
2 accomplished pursuant to Section 2827.8.

3 (c) (1) Except as provided in paragraph (4) and in Section
4 2827.1, every electric utility shall develop a standard contract or
5 tariff providing for net energy metering, and shall make this
6 standard contract or tariff available to eligible customer-generators,
7 upon request, on a first-come-first-served basis until the time that
8 the total rated generating capacity used by eligible
9 customer-generators exceeds 5 percent of the electric utility's
10 aggregate customer peak demand. Net energy metering shall be
11 accomplished using a single meter capable of registering the flow
12 of electricity in two directions. An additional meter or meters to
13 monitor the flow of electricity in each direction may be installed
14 with the consent of the eligible customer-generator, at the expense
15 of the electric utility, and the additional metering shall be used
16 only to provide the information necessary to accurately bill or
17 credit the eligible customer-generator pursuant to subdivision (h),
18 or to collect generating system performance information for
19 research purposes relative to a renewable electrical generation
20 facility. If the existing electrical meter of an eligible
21 customer-generator is not capable of measuring the flow of
22 electricity in two directions, the eligible customer-generator shall
23 be responsible for all expenses involved in purchasing and
24 installing a meter that is able to measure electricity flow in two
25 directions. If an additional meter or meters are installed, the net
26 energy metering calculation shall yield a result identical to that of
27 a single meter. An eligible customer-generator that is receiving
28 service other than through the standard contract or tariff may elect
29 to receive service through the standard contract or tariff until the
30 electric utility reaches the generation limit set forth in this
31 paragraph. Once the generation limit is reached, only eligible
32 customer-generators that had previously elected to receive service
33 pursuant to the standard contract or tariff have a right to continue
34 to receive service pursuant to the standard contract or tariff.
35 Eligibility for net energy metering does not limit an eligible
36 customer-generator's eligibility for any other rebate, incentive, or
37 credit provided by the electric utility, or pursuant to any
38 governmental program, including rebates and incentives provided
39 pursuant to the California Solar Initiative.

(2) An electrical corporation shall include a provision in the net energy metering contract or tariff requiring that any customer with an existing electrical generating facility and meter who enters into a new net energy metering contract shall provide an inspection report to the electrical corporation, unless the electrical generating facility and meter have been installed or inspected within the previous three years. The inspection report shall be prepared by a California licensed contractor who is not the owner or operator of the facility and meter. A California licensed electrician shall perform the inspection of the electrical portion of the facility and meter.

(3) (A) On an annual basis, every electric utility shall make available to the ratemaking authority information on the total rated generating capacity used by eligible customer-generators that are customers of that provider in the provider's service area and the net surplus electricity purchased by the electric utility pursuant to this section.

(B) An electric service provider operating pursuant to Section 394 shall make available to the ratemaking authority the information required by this paragraph for each eligible customer-generator that is their customer for each service area of an electrical corporation, local publicly owned electric utility, or electrical cooperative, in which the eligible customer-generator has net energy metering.

(C) The ratemaking authority shall develop a process for making the information required by this paragraph available to electric utilities, and for using that information to determine when, pursuant to paragraphs (1) and (4), an electric utility is not obligated to provide net energy metering to additional eligible customer-generators in its service area.

(4) (A) (i) An electric utility that is not a large electrical corporation is not obligated to provide net energy metering to additional eligible customer-generators in its service area when the combined total peak demand of all electricity used by eligible customer-generators served by all the electric utilities in that service area furnishing net energy metering to eligible customer-generators exceeds 5 percent of the aggregate customer peak demand of those electric utilities.

(ii) *For the purpose of calculating the program limit of an electric utility that is not a large electrical corporation, the*

1 “aggregate customer peak demand” means the highest sum of the
2 noncoincident peak demands of all the customers of electric utilities
3 in that service area that occurs in any calendar year.

4 (iii) Every electric utility that is not a large electrical
5 corporation shall file a quarterly report with the Energy
6 Commission detailing its progress toward meeting the program
7 limit established in this subparagraph and shall make the report
8 available to the public for download from its Internet Web site.
9 The report shall include separate calculations on progress toward
10 the limit based on operating solar energy systems and cumulative
11 numbers of interconnection requests for net energy metering
12 eligible systems.

13 (iv) The Energy Commission shall post on its Internet Web site
14 data detailing the progress of every electric utility that is not a
15 large electrical corporation toward meeting the program limit
16 established in this subparagraph.

17 (B) The commission shall require every large electrical
18 corporation to make the standard contract or tariff available to
19 eligible customer-generators, continuously and without
20 interruption, until such times as the large electrical corporation
21 reaches its net energy metering program limit or July 1, 2017,
22 whichever is earlier. A large electrical corporation reaches its
23 program limit when the combined total peak demand of all
24 electricity used by eligible customer-generators served by all the
25 electric utilities in the large electrical corporation’s service area
26 furnishing net energy metering to eligible customer-generators
27 exceeds 5 percent of the aggregate customer peak demand of those
28 electric utilities. For purposes of calculating a large electrical
29 corporation’s program limit, “aggregate customer peak demand”
30 means the highest sum of the noncoincident peak demands of all
31 of the large electrical corporation’s customers that occurs in any
32 calendar year. To determine the aggregate customer peak demand,
33 every large electrical corporation shall use a uniform method
34 approved by the commission. The program limit calculated
35 pursuant to this paragraph shall not be less than the following:

36 (i) For San Diego Gas and Electric Company, when it has made
37 607 megawatts of nameplate generating capacity available to
38 eligible customer-generators.

1 (ii) For Southern California Edison Company, when it has made
2 2,240 megawatts of nameplate generating capacity available to
3 eligible customer-generators.

4 (iii) For Pacific Gas and Electric Company, when it has made
5 2,409 megawatts of nameplate generating capacity available to
6 eligible customer-generators.

7 (C) Every large electrical corporation shall file a monthly report
8 with the commission detailing the progress toward the net energy
9 metering program limit established in subparagraph (B). The report
10 shall include separate calculations on progress toward the limits
11 based on operating solar energy systems, cumulative numbers of
12 interconnection requests for net energy metering eligible systems,
13 and any other criteria required by the commission.

14 (D) Beginning July 1, 2017, or upon reaching the net metering
15 program limit of subparagraph (B), whichever is earlier, the
16 obligation of a large electrical corporation to provide service
17 pursuant to a standard contract or tariff shall be pursuant to Section
18 2827.1 and applicable state and federal requirements.

19 (d) Every electric utility shall make all necessary forms and
20 contracts for net energy metering and net surplus electricity
21 compensation service available for download from the Internet.

22 (e) (1) Every electric utility shall ensure that requests for
23 establishment of net energy metering and net surplus electricity
24 compensation are processed in a time period not exceeding that
25 for similarly situated customers requesting new electric service,
26 but not to exceed 30 working days from the date it receives a
27 completed application form for net energy metering service or net
28 surplus electricity compensation, including a signed interconnection
29 agreement from an eligible customer-generator and the electric
30 inspection clearance from the governmental authority having
31 jurisdiction.

32 (2) Every electric utility shall ensure that requests for an
33 interconnection agreement from an eligible customer-generator
34 are processed in a time period not to exceed 30 working days from
35 the date it receives a completed application form from the eligible
36 customer-generator for an interconnection agreement.

37 (3) If an electric utility is unable to process a request within the
38 allowable timeframe pursuant to paragraph (1) or (2), it shall notify
39 the eligible customer-generator and the ratemaking authority of

1 the reason for its inability to process the request and the expected
2 completion date.

3 (f) (1) If a customer participates in direct transactions pursuant
4 to paragraph (1) of subdivision (b) of Section 365, or Section 365.1,
5 with an electric service provider that does not provide distribution
6 service for the direct transactions, the electric utility that provides
7 distribution service for the eligible customer-generator is not
8 obligated to provide net energy metering or net surplus electricity
9 compensation to the customer.

10 (2) If a customer participates in direct transactions pursuant to
11 paragraph (1) of subdivision (b) of Section 365 or 365.1 with an
12 electric service provider, and the customer is an eligible
13 customer-generator, the electric utility that provides distribution
14 service for the direct transactions may recover from the customer's
15 electric service provider the incremental costs of metering and
16 billing service related to net energy metering and net surplus
17 electricity compensation in an amount set by the ratemaking
18 authority.

19 (g) Except for the time-variant kilowatthour pricing portion of
20 any tariff adopted by the commission pursuant to paragraph (4) of
21 subdivision (a) of Section 2851, each net energy metering contract
22 or tariff shall be identical, with respect to rate structure, all retail
23 rate components, and any monthly charges, to the contract or tariff
24 to which the same customer would be assigned if the customer did
25 not use a renewable electrical generation facility, except that
26 eligible customer-generators shall not be assessed standby charges
27 on the electrical generating capacity or the kilowatthour production
28 of a renewable electrical generation facility. The charges for all
29 retail rate components for eligible customer-generators shall be
30 based exclusively on the customer-generator's net kilowatthour
31 consumption over a 12-month period, without regard to the eligible
32 customer-generator's choice as to from whom it purchases
33 electricity that is not self-generated. Any new or additional demand
34 charge, standby charge, customer charge, minimum monthly
35 charge, interconnection charge, or any other charge that would
36 increase an eligible customer-generator's costs beyond those of
37 other customers who are not eligible customer-generators in the
38 rate class to which the eligible customer-generator would otherwise
39 be assigned if the customer did not own, lease, rent, or otherwise
40 operate a renewable electrical generation facility is contrary to the

1 intent of this section, and shall not form a part of net energy
2 metering contracts or tariffs.

3 (h) For eligible customer-generators, the net energy metering
4 calculation shall be made by measuring the difference between
5 the electricity supplied to the eligible customer-generator and the
6 electricity generated by the eligible customer-generator and fed
7 back to the electrical grid over a 12-month period. The following
8 rules shall apply to the annualized net metering calculation:

9 (1) The eligible residential or small commercial
10 customer-generator, at the end of each 12-month period following
11 the date of final interconnection of the eligible
12 customer-generator's system with an electric utility, and at each
13 anniversary date thereafter, shall be billed for electricity used
14 during that 12-month period. The electric utility shall determine
15 if the eligible residential or small commercial customer-generator
16 was a net consumer or a net surplus customer-generator during
17 that period.

18 (2) At the end of each 12-month period, where the electricity
19 supplied during the period by the electric utility exceeds the
20 electricity generated by the eligible residential or small commercial
21 customer-generator during that same period, the eligible residential
22 or small commercial customer-generator is a net electricity
23 consumer and the electric utility shall be owed compensation for
24 the eligible customer-generator's net kilowatthour consumption
25 over that 12-month period. The compensation owed for the eligible
26 residential or small commercial customer-generator's consumption
27 shall be calculated as follows:

28 (A) For all eligible customer-generators taking service under
29 contracts or tariffs employing "baseline" and "over baseline" rates,
30 any net monthly consumption of electricity shall be calculated
31 according to the terms of the contract or tariff to which the same
32 customer would be assigned to, or be eligible for, if the customer
33 was not an eligible customer-generator. If those same
34 customer-generators are net generators over a billing period, the
35 net kilowatthours generated shall be valued at the same price per
36 kilowatthour as the electric utility would charge for the baseline
37 quantity of electricity during that billing period, and if the number
38 of kilowatthours generated exceeds the baseline quantity, the excess
39 shall be valued at the same price per kilowatthour as the electric

1 utility would charge for electricity over the baseline quantity during
2 that billing period.

3 (B) For all eligible customer-generators taking service under
4 contracts or tariffs employing time-of-use rates, any net monthly
5 consumption of electricity shall be calculated according to the
6 terms of the contract or tariff to which the same customer would
7 be assigned, or be eligible for, if the customer was not an eligible
8 customer-generator. When those same customer-generators are
9 net generators during any discrete time-of-use period, the net
10 kilowatthours produced shall be valued at the same price per
11 kilowatthour as the electric utility would charge for retail
12 kilowatthour sales during that same time-of-use period. If the
13 eligible customer-generator's time-of-use electrical meter is unable
14 to measure the flow of electricity in two directions, paragraph (1)
15 of subdivision (c) shall apply.

16 (C) For all eligible residential and small commercial
17 customer-generators and for each billing period, the net balance
18 of moneys owed to the electric utility for net consumption of
19 electricity or credits owed to the eligible customer-generator for
20 net generation of electricity shall be carried forward as a monetary
21 value until the end of each 12-month period. For all eligible
22 commercial, industrial, and agricultural customer-generators, the
23 net balance of moneys owed shall be paid in accordance with the
24 electric utility's normal billing cycle, except that if the eligible
25 commercial, industrial, or agricultural customer-generator is a net
26 electricity producer over a normal billing cycle, any excess
27 kilowatthours generated during the billing cycle shall be carried
28 over to the following billing period as a monetary value, calculated
29 according to the procedures set forth in this section, and appear as
30 a credit on the eligible commercial, industrial, or agricultural
31 customer-generator's account, until the end of the annual period
32 when paragraph (3) shall apply.

33 (3) At the end of each 12-month period, where the electricity
34 generated by the eligible customer-generator during the 12-month
35 period exceeds the electricity supplied by the electric utility during
36 that same period, the eligible customer-generator is a net surplus
37 customer-generator and the electric utility, upon an affirmative
38 election by the net surplus customer-generator, shall either (A)
39 provide net surplus electricity compensation for any net surplus
40 electricity generated during the prior 12-month period, or (B) allow

1 the net surplus customer-generator to apply the net surplus
2 electricity as a credit for kilowatthours subsequently supplied by
3 the electric utility to the net surplus customer-generator. For an
4 eligible customer-generator that does not affirmatively elect to
5 receive service pursuant to net surplus electricity compensation,
6 the electric utility shall retain any excess kilowatthours generated
7 during the prior 12-month period. The eligible customer-generator
8 not affirmatively electing to receive service pursuant to net surplus
9 electricity compensation shall not be owed any compensation for
10 the net surplus electricity unless the electric utility enters into a
11 purchase agreement with the eligible customer-generator for those
12 excess kilowatthours. Every electric utility shall provide notice to
13 eligible customer-generators that they are eligible to receive net
14 surplus electricity compensation for net surplus electricity, that
15 they must elect to receive net surplus electricity compensation,
16 and that the 12-month period commences when the electric utility
17 receives the eligible customer-generator's election. For an electric
18 utility that is an electrical corporation or electrical cooperative,
19 the commission may adopt requirements for providing notice and
20 the manner by which eligible customer-generators may elect to
21 receive net surplus electricity compensation.

22 (4) (A) An eligible customer-generator with multiple meters
23 may elect to aggregate the electrical load of the meters located on
24 the property where the renewable electrical generation facility is
25 located and on all property adjacent or contiguous to the property
26 on which the renewable electrical generation facility is located, if
27 those properties are solely owned, leased, or rented by the eligible
28 customer-generator. If the eligible customer-generator elects to
29 aggregate the electric load pursuant to this paragraph, the electric
30 utility shall use the aggregated load for the purpose of determining
31 whether an eligible customer-generator is a net consumer or a net
32 surplus customer-generator during a 12-month period.

33 (B) If an eligible customer-generator chooses to aggregate
34 pursuant to subparagraph (A), the eligible customer-generator shall
35 be permanently ineligible to receive net surplus electricity
36 compensation, and the electric utility shall retain any kilowatthours
37 in excess of the eligible customer-generator's aggregated electrical
38 load generated during the 12-month period.

39 (C) If an eligible customer-generator with multiple meters elects
40 to aggregate the electrical load of those meters pursuant to

1 subparagraph (A), and different rate schedules are applicable to
2 service at any of those meters, the electricity generated by the
3 renewable electrical generation facility shall be allocated to each
4 of the meters in proportion to the electrical load served by those
5 meters. For example, if the eligible customer-generator receives
6 electric service through three meters, two meters being at an
7 agricultural rate that each provide service to 25 percent of the
8 customer's total load, and a third meter, at a commercial rate, that
9 provides service to 50 percent of the customer's total load, then
10 50 percent of the electrical generation of the eligible renewable
11 generation facility shall be allocated to the third meter that provides
12 service at the commercial rate and 25 percent of the generation
13 shall be allocated to each of the two meters providing service at
14 the agricultural rate. This proportionate allocation shall be
15 computed each billing period.

16 (D) This paragraph shall not become operative for an electrical
17 corporation unless the commission determines that allowing
18 eligible customer-generators to aggregate their load from multiple
19 meters will not result in an increase in the expected revenue
20 obligations of customers who are not eligible customer-generators.
21 The commission shall make this determination by September 30,
22 2013. In making this determination, the commission shall determine
23 if there are any public purpose or other noncommodity charges
24 that the eligible customer-generators would pay pursuant to the
25 net energy metering program as it exists prior to aggregation, that
26 the eligible customer-generator would not pay if permitted to
27 aggregate the electrical load of multiple meters pursuant to this
28 paragraph.

29 (E) A local publicly owned electric utility or electrical
30 cooperative shall only allow eligible customer-generators to
31 aggregate their load if the utility's ratemaking authority determines
32 that allowing eligible customer-generators to aggregate their load
33 from multiple meters will not result in an increase in the expected
34 revenue obligations of customers that are not eligible
35 customer-generators. The ratemaking authority of a local publicly
36 owned electric utility or electrical cooperative shall make this
37 determination within 180 days of the first request made by an
38 eligible customer-generator to aggregate their load. In making the
39 determination, the ratemaking authority shall determine if there
40 are any public purpose or other noncommodity charges that the

1 eligible customer-generator would pay pursuant to the net energy
2 metering or co-energy metering program of the utility as it exists
3 prior to aggregation, that the eligible customer-generator would
4 not pay if permitted to aggregate the electrical load of multiple
5 meters pursuant to this paragraph. If the ratemaking authority
6 determines that load aggregation will not cause an incremental
7 rate impact on the utility's customers that are not eligible
8 customer-generators, the local publicly owned electric utility or
9 electrical cooperative shall permit an eligible customer-generator
10 to elect to aggregate the electrical load of multiple meters pursuant
11 to this paragraph. The ratemaking authority may reconsider any
12 determination made pursuant to this subparagraph in a subsequent
13 public proceeding.

14 (F) For purposes of this paragraph, parcels that are divided by
15 a street, highway, or public thoroughfare are considered contiguous,
16 provided they are otherwise contiguous and under the same
17 ownership.

18 (G) An eligible customer-generator may only elect to aggregate
19 the electrical load of multiple meters if the renewable electrical
20 generation facility, or a combination of those facilities, has a total
21 generating capacity of not more than one megawatt.

22 (H) Notwithstanding subdivision (g), an eligible
23 customer-generator electing to aggregate the electrical load of
24 multiple meters pursuant to this subdivision shall remit service
25 charges for the cost of providing billing services to the electric
26 utility that provides service to the meters.

27 (5) (A) The ratemaking authority shall establish a net surplus
28 electricity compensation valuation to compensate the net surplus
29 customer-generator for the value of net surplus electricity generated
30 by the net surplus customer-generator. The commission shall
31 establish the valuation in a ratemaking proceeding. The ratemaking
32 authority for a local publicly owned electric utility shall establish
33 the valuation in a public proceeding. The net surplus electricity
34 compensation valuation shall be established so as to provide the
35 net surplus customer-generator just and reasonable compensation
36 for the value of net surplus electricity, while leaving other
37 ratepayers unaffected. The ratemaking authority shall determine
38 whether the compensation will include, where appropriate
39 justification exists, either or both of the following components:

40 (i) The value of the electricity itself.

1 (ii) The value of the renewable attributes of the electricity.

2 (B) In establishing the rate pursuant to subparagraph (A), the
3 ratemaking authority shall ensure that the rate does not result in a
4 shifting of costs between eligible customer-generators and other
5 bundled service customers.

6 (6) (A) Upon adoption of the net surplus electricity
7 compensation rate by the ratemaking authority, any renewable
8 energy credit, as defined in Section 399.12, for net surplus
9 electricity purchased by the electric utility shall belong to the
10 electric utility. Any renewable energy credit associated with
11 electricity generated by the eligible customer-generator that is
12 utilized by the eligible customer-generator shall remain the property
13 of the eligible customer-generator.

14 (B) Upon adoption of the net surplus electricity compensation
15 rate by the ratemaking authority, the net surplus electricity
16 purchased by the electric utility shall count toward the electric
17 utility's renewables portfolio standard annual procurement targets
18 for the purposes of paragraph (1) of subdivision (b) of Section
19 399.15, or for a local publicly owned electric utility, the renewables
20 portfolio standard annual procurement targets established pursuant
21 to Section 399.30.

22 (7) The electric utility shall provide every eligible residential
23 or small commercial customer-generator with net electricity
24 consumption and net surplus electricity generation information
25 with each regular bill. That information shall include the current
26 monetary balance owed the electric utility for net electricity
27 consumed, or the net surplus electricity generated, since the last
28 12-month period ended. Notwithstanding this subdivision, an
29 electric utility shall permit that customer to pay monthly for net
30 energy consumed.

31 (8) If an eligible residential or small commercial
32 customer-generator terminates the customer relationship with the
33 electric utility, the electric utility shall reconcile the eligible
34 customer-generator's consumption and production of electricity
35 during any part of a 12-month period following the last
36 reconciliation, according to the requirements set forth in this
37 subdivision, except that those requirements shall apply only to the
38 months since the most recent 12-month bill.

39 (9) If an electric service provider or electric utility providing
40 net energy metering to a residential or small commercial

1 customer-generator ceases providing that electric service to that
2 customer during any 12-month period, and the customer-generator
3 enters into a new net energy metering contract or tariff with a new
4 electric service provider or electric utility, the 12-month period,
5 with respect to that new electric service provider or electric utility,
6 shall commence on the date on which the new electric service
7 provider or electric utility first supplies electric service to the
8 customer-generator.

9 (i) Notwithstanding any other provisions of this section,
10 paragraphs (1), (2), and (3) shall apply to an eligible
11 customer-generator with a capacity of more than 10 kilowatts, but
12 not exceeding one megawatt, that receives electric service from a
13 local publicly owned electric utility that has elected to utilize a
14 co-energy metering program unless the local publicly owned
15 electric utility chooses to provide service for eligible
16 customer-generators with a capacity of more than 10 kilowatts in
17 accordance with subdivisions (g) and (h):

18 (1) The eligible customer-generator shall be required to utilize
19 a meter, or multiple meters, capable of separately measuring
20 electricity flow in both directions. All meters shall provide
21 time-of-use measurements of electricity flow, and the customer
22 shall take service on a time-of-use rate schedule. If the existing
23 meter of the eligible customer-generator is not a time-of-use meter
24 or is not capable of measuring total flow of electricity in both
25 directions, the eligible customer-generator shall be responsible for
26 all expenses involved in purchasing and installing a meter that is
27 both time-of-use and able to measure total electricity flow in both
28 directions. This subdivision shall not restrict the ability of an
29 eligible customer-generator to utilize any economic incentives
30 provided by a governmental agency or an electric utility to reduce
31 its costs for purchasing and installing a time-of-use meter.

32 (2) The consumption of electricity from the local publicly owned
33 electric utility shall result in a cost to the eligible
34 customer-generator to be priced in accordance with the standard
35 rate charged to the eligible customer-generator in accordance with
36 the rate structure to which the customer would be assigned if the
37 customer did not use a renewable electrical generation facility.
38 The generation of electricity provided to the local publicly owned
39 electric utility shall result in a credit to the eligible
40 customer-generator and shall be priced in accordance with the

1 generation component, established under the applicable structure
2 to which the customer would be assigned if the customer did not
3 use a renewable electrical generation facility.

4 (3) All costs and credits shall be shown on the eligible
5 customer-generator's bill for each billing period. In any months
6 in which the eligible customer-generator has been a net consumer
7 of electricity calculated on the basis of value determined pursuant
8 to paragraph (2), the customer-generator shall owe to the local
9 publicly owned electric utility the balance of electricity costs and
10 credits during that billing period. In any billing period in which
11 the eligible customer-generator has been a net producer of
12 electricity calculated on the basis of value determined pursuant to
13 paragraph (2), the local publicly owned electric utility shall owe
14 to the eligible customer-generator the balance of electricity costs
15 and credits during that billing period. Any net credit to the eligible
16 customer-generator of electricity costs may be carried forward to
17 subsequent billing periods, provided that a local publicly owned
18 electric utility may choose to carry the credit over as a kilowatthour
19 credit consistent with the provisions of any applicable contract or
20 tariff, including any differences attributable to the time of
21 generation of the electricity. At the end of each 12-month period,
22 the local publicly owned electric utility may reduce any net credit
23 due to the eligible customer-generator to zero.

24 (j) A renewable electrical generation facility used by an eligible
25 customer-generator shall meet all applicable safety and
26 performance standards established by the National Electrical Code,
27 the Institute of Electrical and Electronics Engineers, and accredited
28 testing laboratories, including Underwriters Laboratories
29 Incorporated and, where applicable, rules of the commission
30 regarding safety and reliability. A customer-generator whose
31 renewable electrical generation facility meets those standards and
32 rules shall not be required to install additional controls, perform
33 or pay for additional tests, or purchase additional liability
34 insurance.

35 (k) If the commission determines that there are cost or revenue
36 obligations for an electrical corporation that may not be recovered
37 from customer-generators acting pursuant to this section, those
38 obligations shall remain within the customer class from which any
39 shortfall occurred and shall not be shifted to any other customer
40 class. Net energy metering and co-energy metering customers shall

1 not be exempt from the public goods charges imposed pursuant to
2 Article 7 (commencing with Section 381), Article 8 (commencing
3 with Section 385), or Article 15 (commencing with Section 399)
4 of Chapter 2.3 of Part 1.

5 (l) A net energy metering, co-energy metering, or wind energy
6 co-metering customer shall reimburse the Department of Water
7 Resources for all charges that would otherwise be imposed on the
8 customer by the commission to recover bond-related costs pursuant
9 to an agreement between the commission and the Department of
10 Water Resources pursuant to Section 80110 of the Water Code,
11 as well as the costs of the department equal to the share of the
12 department's estimated net unavoidable power purchase contract
13 costs attributable to the customer. The commission shall
14 incorporate the determination into an existing proceeding before
15 the commission, and shall ensure that the charges are
16 nonbypassable. Until the commission has made a determination
17 regarding the nonbypassable charges, net energy metering,
18 co-energy metering, and wind energy co-metering shall continue
19 under the same rules, procedures, terms, and conditions as were
20 applicable on December 31, 2002.

21 (m) In implementing the requirements of subdivisions (k) and
22 (l), an eligible customer-generator shall not be required to replace
23 its existing meter except as set forth in paragraph (1) of subdivision
24 (c), nor shall the electric utility require additional measurement of
25 usage beyond that which is necessary for customers in the same
26 rate class as the eligible customer-generator.

27 (n) It is the intent of the Legislature that the Treasurer
28 incorporate net energy metering, including net surplus electricity
29 compensation, co-energy metering, and wind energy co-metering
30 projects undertaken pursuant to this section as sustainable building
31 methods or distributive energy technologies for purposes of
32 evaluating low-income housing projects.

33 *SEC. 2. No reimbursement is required by this act pursuant to*
34 *Section 6 of Article XIII B of the California Constitution because*
35 *a local agency or school district has the authority to levy service*
36 *charges, fees, or assessments sufficient to pay for the program or*
37 *level of service mandated by this act, within the meaning of Section*
38 *17556 of the Government Code.*

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